

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTER

☐

DATE

August 11, 2010

MOTOR CARRIER MATTER

☐

DOCKET NO.

2009-473-WS

UTILITIES MATTER

☒

ORDER NO.

SUBJECT:

DOCKET NO. 2009-473-WS - Application of Tega Cay Water Service, Incorporated for Adjustment of Rates and Charges – A Hearing was Held on this Matter on July 13, 2010. This Matter is Ready for Final Disposition.

COMMISSION ACTION:

In Docket No. 2009-473-WS, Tega Cay Water Service, Inc. petitioned the Commission for an increase in rates and charges. Under the rates put into effect in October 2006, the Company charges its water customers a \$7.56 monthly base facilities charge and \$1.69 per 1,000 gallons of water, for water distribution only. The Company is also allowed to pass through to the customer the cost of the water purchased from its bulk water supplier in addition to the water distribution only charge. Under the current rates, a customer using 6,000 gallons would pay \$17.70 per month for water distribution only. The current sewer flat rate is \$33.02 per single-family unit.

The Company seeks an increase in the monthly base facilities charge to \$9.21 and an increase in the commodity charge to \$2.06 per 1,000 gallons of water for distribution only, as well as an increase in the flat-rate sewer charge to \$40.12. Thus, under the rates proposed by the Company, a customer using 6,000 gallons of water would pay \$21.57 for water distribution only and \$40.12 for sewer per month.

The Office of Regulatory Staff reviewed and analyzed the application and made certain accounting adjustments. Based on those adjustments, the ORS recommended that the Company be granted an increase in the base facilities charge to \$8.71 and an increase in the commodity charge to \$2.06 per 1,000 gallons of water, for distribution only. The ORS also recommended an increase in the flat-rate sewer charge to \$39.06 per single-family unit. The rate proposed by the ORS would result in a customer using 6,000 gallons of water being charged \$21.07 for water distribution and \$39.06 for sewer per month.

The City of Tega Cay's water rate recommendations mirror those of the ORS, but the increase in sewer charges recommended by the city would be to \$35.47. The city's lower recommended sewer rate results from its proposed accounting adjustment to reduce pro forma expenses because of alleged excessive infiltration and inflow in the sewer system.

Our review of the evidence in this case supports the rates recommended by the ORS. The resulting return on rate base is 7.99%; the return on equity is 9.57%; and the operating margin is 12.23%. I move that we adopt these proposed rates.

Furthermore, to address customer concerns about quality of service, the ORS also recommended that we require the Company to file a written report with the Commission and provide a copy to ORS three months from the date of this order detailing customers contacted, the problems encountered, the efforts undertaken, and the results achieved with regard to customer complaints alleging black sediment in the water. Additionally, the ORS recommends that the Company be required to increase flushing to once per month to address water quality concerns raised by the public witnesses. I move that we adopt these recommendations as well.

Finally, I want to specifically address the issues of infiltration and inflow which were raised by the city. We are concerned about the effects of infiltration and inflow on the cost of the Company's sewer operations, and we would have preferred to have had before us more evidence regarding this issue. The city's proposed adjustment for infiltration and inflow was based upon data collected from 1992 through 1998, and without more recent data, we could not adopt it as applicable to this docket. However, to the extent that infiltration and inflow may be an ongoing problem in the system which results in additional cost to customers, we expect the Company to monitor the infiltration and inflow into its system and to fully address the issue in its next rate case.

PRESIDING: Howard

SESSION: Regular

TIME: 2:30 p.m.

	MOTION	YES	NO	OTHER	
FLEMING	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<u>Absent</u>	Annual Leave
HALL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<u>Not Voting</u>	Commissioner Hall was not a member of the Commission at the time of the Night Hearings.
HAMILTON	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
MITCHELL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
WHITFIELD	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<u>Absent</u>	Attending Camp NARUC in Michigan
WRIGHT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		

(SEAL)

RECORDED BY: J. Schmieding

